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<b>Agency:</b>	<b>107 Health Care Authority</b>
<b>Decision Package Code/Title:</b>	<b>PL-KI Infrastructure Support for ACA</b>
<b>Budget Period:</b>	<b>2014 Supplemental Submittal</b>
<b>Budget Level:</b>	<b>PL – Policy Level</b>

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## **Recommendation Summary Text**

The Health Care Authority (HCA) requests 3.8 FTEs and \$873,000 (\$427,000 GF-S) to provide necessary infrastructure support in response to implementation of the Affordable Care Act (ACA) in Washington.

## **Package Description**

During the last legislative session, Washington took the next step in implementing Medicaid expansion, which increases the number of citizens eligible for Medicaid services. In addition, HCA was provided increased staff to perform the new Modified Adjusted Gross Income (MAGI) eligibility work. To meet state and federal requirements associated with providing these services and to support the new community staff, HCA is submitting this request for additional resources.

### **Non-Emergency Medical Transportation (NEMT) (.8 Biennial FTEs \$169,000):**

The NEMT program is a federal requirement under the Medicaid Program and assists low-income clients in all 39 counties in overcoming transportation barriers to reach medical and other health care providers, both within their local health communities as well as those providers at the State's tertiary care centers in Seattle.

With Medicaid Expansion scheduled for January 2014, an increase in client caseload and benefit service changes are expected to result in additional broker interactions due to changes in eligibility groups, accounting code changes, client calls, and potentially more fair hearings (which require program staff to research and prepare testimony). Program history indicates that when there are changes to covered services, there is an increase in the number of client contacts with HCA staff, requiring additional time and resources.

In addition, the NEMT program has been using a Data Tracking and Utilization System to track "trips". This was implemented as a result of a state audit and staffs are working on implementing recommendations from a recent performance audit. The data from the system is beneficial for looking at trends to see where there may be issues of provider coverage, areas for improved education and communication, and to identify areas to help control costs.

HCA is seeking an additional staff to address increased broker interactions, respond to client inquiries, continue to look for efficiencies in the transportation program, and ensuring adequate network of providers for clients. Costs assume a start date of January 2014 and that federal match will be 50 percent.

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	<b>FY 2014</b>	<b>FY 2015</b>	<b>Total</b>
<b>Staffing:</b>			
Medical Assistance Program Specialist 3	0.5	1.0	0.8
<b>Total FTEs</b>	<b>0.5</b>	<b>1.0</b>	<b>0.8</b>

*All positons are assumed to begin January 1, 2014*

	<b>FY 2014</b>	<b>FY 2015</b>	<b>Total</b>
<b>Objects of Expenditure:</b>			
A - Salaries And Wages	\$ 35,000	\$ 70,000	\$ 105,000
B - Employee Benefits	\$ 11,000	\$ 21,000	\$ 32,000
E - Goods And Services	\$ 7,000	\$ 15,000	\$ 22,000
G - Travel	\$ 1,000	\$ 1,000	\$ 2,000
J - Capital Outlays	\$ 8,000	\$ -	\$ 8,000
<b>Total</b>	<b>\$ 62,000</b>	<b>\$ 107,000</b>	<b>\$ 169,000</b>

	<b>FY 2014</b>	<b>FY 2015</b>	<b>Total</b>
<b>Expenditures by Fund:</b>			
Fund 001-1 GF-State	\$ 31,000	\$ 53,000	\$ 84,000
Fund 001-C GF-Federal Medicaid Title XIX	\$ 31,000	\$ 54,000	\$ 85,000
Fund 418-1 HCA Admin Account	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 62,000</b>	<b>\$ 107,000</b>	<b>\$ 169,000</b>

**Human Resources staff (.8 Biennial FTEs \$149,000):**

Medicaid expansion brought to HCA a net increase of just over 71 FTEs or approximately a 7 percent increase in staff above carry forward level. In addition, these new, represented employees will be out stationed in community-based facilities across the state, which is an entirely new workforce model for the agency.

The HR unit currently has 13 staff that provide for workforce planning, recruitment, retention, labor relations, performance management, and training. HCA is seeking an additional FTE to provide full human resource support to these critical positions. Costs assume a start date of January 2014 and that federal match will be 50 percent.

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	<b>FY 2014</b>	<b>FY 2015</b>	<b>Total</b>
<b>Staffing:</b>			
Human Resource Consultant 3	0.5	1.0	0.8
<b>Total FTEs</b>	<b>0.5</b>	<b>1.0</b>	<b>0.8</b>

*All positions are assumed to begin January 1, 2014*

	<b>FY 2014</b>	<b>FY 2015</b>	<b>Total</b>
<b>Objects of Expenditure:</b>			
A - Salaries And Wages	\$ 30,000	\$ 60,000	\$ 90,000
B - Employee Benefits	\$ 10,000	\$ 20,000	\$ 30,000
E - Goods And Services	\$ 7,000	\$ 14,000	\$ 21,000
G - Travel	\$ -	\$ -	\$ -
J - Capital Outlays	\$ 8,000	\$ -	\$ 8,000
<b>Total</b>	<b>\$ 55,000</b>	<b>\$ 94,000</b>	<b>\$ 149,000</b>

	<b>FY 2014</b>	<b>FY 2015</b>	<b>Total</b>
<b>Expenditures by Fund:</b>			
Fund 001-1 GF-State	\$ 27,000	\$ 47,000	\$ 74,000
Fund 001-C GF-Federal Medicaid Title XIX	\$ 28,000	\$ 47,000	\$ 75,000
Fund 418-1 HCA Admin Account	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 55,000</b>	<b>\$ 94,000</b>	<b>\$ 149,000</b>

**Board of Appeals Staff (1.5 Biennial FTEs and \$320,000):**

Federal law requires that Medicaid agencies allow a “fair hearing” to any individual whose request for assistance is denied or is not acted upon with “reasonable promptness.”<sup>1</sup> Federal law requires that the state’s hearing system meet the due process standards set forth in *Goldberg v. Kelly*, 397 US 254 (1970). Federal law requires that the agency “ordinarily” must take final action on appeals within 90 days of the request.<sup>2</sup> In 2012, the United States Court of Appeals for the Second Circuit found that failure to meet the federal timeliness standard creates a right enforceable under 42 U.S.C. §1983.<sup>3</sup>

HCA contracts with the Office of Administrative Hearings (OAH) to supply Administrative Law Judges (ALJ) to conduct these hearings, issue timely and fair hearing decisions, and ensure that HCA’s clients receive due process under the law. The Health Care Authority’s Board of Appeals employs review judges to render final agency decisions that result from the OAH hearings.

HCA anticipates considerable growth of its Medicaid population (increase of at least 20% in the first year), which will result in more applicants and recipients eligible to appeal decision to the Board of Appeals. Without adequate funding and staffing for those appeals, additional backlog will be

<sup>1</sup> See Soc. Sec. Act §1902(a)(3)

<sup>2</sup> 42 CFR §431.244(f)

<sup>3</sup> See *Shakhnes v. Berlin*, 689 F3d 244, 254 (2d Cir 2012)

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created within the hearings system which may increase the likelihood of costly litigation and risk of lost federal funding. HCA must maintain a hearing system in compliance with our federal funding source or risk costly litigation that could result in the loss of federal participation in the Medicaid program.

HCA is requesting two additional staff to address increased workload at the Board of Appeals, and to reduce the current backlog of cases for which HCA has received a threat of litigation, and to support the estimated 306 new hearing requests HCA expects to receive from the return of the Adult Dental program.

	<b>FY 2014</b>	<b>FY 2015</b>	<b>Total</b>
<b>Staffing:</b>			
Review Judge	0.5	1.0	0.80
Legal Secretary 2	0.5	1.0	0.80
<b>Total FTEs</b>	<b>1.0</b>	<b>2.0</b>	<b>1.50</b>

*All positions are assumed to begin January 1, 2014*

	<b>FY 2014</b>	<b>FY 2015</b>	<b>Total</b>
<b>Objects of Expenditure:</b>			
A - Salaries And Wages	\$ 65,000	\$ 131,000	\$ 196,000
B - Employee Benefits	\$ 20,000	\$ 42,000	\$ 62,000
E - Goods And Services	\$ 15,000	\$ 29,000	\$ 44,000
G - Travel	\$ 1,000	\$ 1,000	\$ 2,000
J - Capital Outlays	\$ 16,000	\$ -	\$ 16,000
<b>Total</b>	<b>\$ 117,000</b>	<b>\$ 203,000</b>	<b>\$ 320,000</b>

	<b>FY 2014</b>	<b>FY 2015</b>	<b>Total</b>
<b>Expenditures by Fund:</b>			
Fund 001-1 GF-State	\$ 59,000	\$ 102,000	\$ 161,000
Fund 001-C GF-Federal Medicaid Title XIX	\$ 58,000	\$ 101,000	\$ 159,000
Fund 418-1 HCA Admin Account	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 117,000</b>	<b>\$ 203,000</b>	<b>\$ 320,000</b>

**Communications Print-Production Staff (.8 Biennial FTEs \$135,000):**

HCA is seeking an additional staff to handle the increased workload in graphic design and publications, as a result of the 2011 merger and Medicaid Expansion. Currently, the agency's Print-Production Unit in our Communications Division includes three graphic designers, a translation specialist and a working supervisor, who coordinates virtually all of the significant HCA print-production work and is heavily involved in website development and maintenance. This unit's graphics positions have not effectively changed our pre-merger strength, when virtually all of its significant work was linked to the Public Employees Benefits (PEB) program.

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Today, that workload has more than doubled and includes not only PEB, but the Children's Health Insurance Program and Medicaid. Now with expansion and requirements of the Affordable Care Act, our previous strategies are no longer possible over the long term. Communications is under increased pressure to develop communications, marketing, and other materials to help HCA meet deadlines and reach enrollment goals. The addition of a new graphic designer will let assist HCA in meeting this new workload and continue to carry out our other responsibilities.

HCA estimates 1 FTE will be required to perform this workload. Costs assume a start date of January 2014 and that federal match will be 50%.

	<b>FY 2014</b>	<b>FY 2015</b>	<b>Total</b>
<b>Staffing:</b>			
Graphic Designer Senior	0.5	1.0	0.8
<b>Total FTEs</b>	<b>0.5</b>	<b>1.0</b>	<b>0.8</b>

*All positons are assumed to begin January 1, 2014*

	<b>FY 2014</b>	<b>FY 2015</b>	<b>Total</b>
<b>Objects of Expenditure:</b>			
A - Salaries And Wages	\$ 25,000	\$ 51,000	\$ 76,000
B - Employee Benefits	\$ 9,000	\$ 18,000	\$ 27,000
E - Goods And Services	\$ 7,000	\$ 15,000	\$ 22,000
G - Travel	\$ 1,000	\$ 1,000	\$ 2,000
J - Capital Outlays	\$ 8,000	\$ -	\$ 8,000
<b>Total</b>	<b>\$ 50,000</b>	<b>\$ 85,000</b>	<b>\$ 135,000</b>

	<b>FY 2014</b>	<b>FY 2015</b>	<b>Total</b>
<b>Expenditures by Fund:</b>			
Fund 001-1 GF-State	\$ 25,000	\$ 43,000	\$ 68,000
Fund 001-C GF-Federal Medicaid Title XIX	\$ 25,000	\$ 42,000	\$ 67,000
Fund 418-1 HCA Admin Account	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 50,000</b>	<b>\$ 85,000</b>	<b>\$ 135,000</b>

#### **Re-design of HCA Website (\$100,000)**

The 2011 merger of the Public Employees Benefits (PEB) system and the Medicaid program has required a major effort to bring together the different and incompatible technologies involved in two internet sites and two intranets. Our first priority has been to engage those tools separately or collectively to help achieve the merger's overarching goal of guiding state health purchasing and allow the Public Employees Benefits and the Medicaid program to share expertise and experience with each other and other state health agencies. Only now, two years after the merger, are we near completion of that work.

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At this stage, we need to step back from that work and review the overall impact of our web structure on its users – our business partners, providers and clients/members. Neither of these programs has received this critical analysis since the mid-1990s, when web design was in its infancy. Both of the agency’s most important programs offer enormous potential – both for the external audience that expects to rely on our programs for clear, coherent information about operations, and for state agencies also engaged in health-care purchasing and looking to learn from our experience.

This is a complicated and long-term process. We are estimating a nine-month project by an independent vendor who can look at the existing structure with new perspective and design user-centered testing to make sure a redesign can deal with existing information hurdles as well as redraw the existing structure and connections so that the navigation follows logic and common sense.

Cost estimate assumes an equal distribution by fiscal year and that costs will be shared by PEB and Medicaid, using a 50 percent federal match for the Medicaid portion.

	<b>FY 2014</b>	<b>FY 2015</b>	<b>Total</b>
<b>Objects of Expenditure:</b>			
A - Salaries And Wages	\$ -	\$ -	\$ -
B - Employee Benefits	\$ -	\$ -	\$ -
E - Goods And Services	\$ 50,000	\$ 50,000	\$ 100,000
G - Travel	\$ -	\$ -	\$ -
J - Capital Outlays	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 100,000</b>

	<b>FY 2014</b>	<b>FY 2015</b>	<b>Total</b>
<b>Expenditures by Fund:</b>			
Fund 001-1 GF-State	\$ 20,000	\$ 20,000	\$ 40,000
Fund 001-C GF-Federal Medicaid Title XIX	\$ 20,000	\$ 20,000	\$ 40,000
Fund 418-1 HCA Admin Account	\$ 10,000	\$ 10,000	\$ 20,000
<b>Total</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 100,000</b>

Questions related to this decision package should be directed to Marcia Wendling at (360)725-1836 or at [marcia.wendling@hca.wa.gov](mailto:marcia.wendling@hca.wa.gov).

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## **Fiscal Detail/Objects of Expenditure**

	<b>FY 2014</b>	<b>FY 2015</b>	<b>Total</b>
<b>1. Operating Expenditures:</b>			
Fund 001-1 GF-State	\$ 162,000	\$ 265,000	\$ 427,000
Fund 001-C GF-Federal Medicaid Title XIX	\$ 162,000	\$ 264,000	\$ 426,000
Fund 418-1 HCA Admin Account	\$ 10,000	\$ 10,000	\$ 20,000
<b>Total</b>	<b>\$ 334,000</b>	<b>\$ 539,000</b>	<b>\$ 873,000</b>
	<b>FY 2014</b>	<b>FY 2015</b>	<b>Total</b>
<b>2. Staffing:</b>			
Total FTEs	2.5	5.0	3.8
	<b>FY 2014</b>	<b>FY 2015</b>	<b>Total</b>
<b>3. Objects of Expenditure:</b>			
A - Salaries And Wages	\$ 155,000	\$ 312,000	\$ 467,000
B - Employee Benefits	\$ 50,000	\$ 101,000	\$ 151,000
C - Personal Service Contracts	\$ -	\$ -	\$ -
E - Goods And Services	\$ 86,000	\$ 123,000	\$ 209,000
G - Travel	\$ 3,000	\$ 3,000	\$ 6,000
J - Capital Outlays	\$ 40,000	\$ -	\$ 40,000
<b>Total</b>	<b>\$ 334,000</b>	<b>\$ 539,000</b>	<b>\$ 873,000</b>
	<b>FY 2014</b>	<b>FY 2015</b>	<b>Total</b>
<b>4. Revenue:</b>			
Fund 001-C GF-Federal Medicaid Title XIX	\$ 162,000	\$ 264,000	\$ 426,000
<b>Total</b>	<b>\$ 162,000</b>	<b>\$ 264,000</b>	<b>\$ 426,000</b>

## **Narrative Justification and Impact Statement**

### **What specific performance outcomes does the agency expect?**

This request allows HCA to provide necessary administrative support related to Medicaid expansion, ensure that authorized services are implemented appropriately and that Washington is better positioned to meet ACA requirements and goals.

### **Performance Measure Detail**

#### **Activity Inventory**

H001 HCA Administration

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**Is this decision package essential to implement a strategy identified in the agency's strategic plan?**

Yes, one of HCA's key metrics is implementation of Health Reform as laid forth in the ACA. Implementing Medicaid Expansion will provide health insurance coverage to an estimated 250,000 low income individuals over the first several years of the program that currently have no access to affordable health care insurance.

**Does this decision package provide essential support to one of the Governor's priorities?**

Yes, this directly supports Governor Inslee's Results Washington - Goal 4: Healthy and Safe Communities, and Goal 5: Effective, Efficient and Accountable Government.

**Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government (POG) process?**

Yes, this directly supports Governor Inslee's Results Washington - Goal 4: Healthy and Safe Communities, and Goal 5: Effective, Efficient and Accountable Government.

Lack of transportation may prevent clients from accessing authorized needed services. In addition, this request provides HCA the infrastructure support needed to respond timely to internal and external customers.

**What are the other important connections or impacts related to this proposal?**

This proposal helps HCA meet expectations and deadlines.

**What alternatives were explored by the agency, and why was this alternative chosen?**

HCA continues to work with others such as the Office of Administrative Hearings, the Department of Social and Health Services, and other stakeholders to look at current practices to see if there are efficiencies or process improvements to be had.

**What are the consequences of not funding this package?**

HCA will lack the staff and infrastructure supports needed for Medicaid expansion work that is being undertaken by HCA. In addition, not meeting timeliness requirements may subject HCA to litigation or increased costs.

**What changes would be required to existing statutes, rules, or contracts, in order to implement the change?**

None.

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## **Expenditure and Revenue Calculations and Assumptions**

### *Revenue Calculations and Assumptions:*

Revenue reflects anticipated federal matching for identified workload.

### *Expenditure Calculations and Assumptions:*

Staff costs are assumed to start January 2014 and will continue into future biennia. Cost for equipment and the web re-design are one-time.

**Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?**

### *Distinction between one-time and ongoing costs:*

One-time costs are for equipment and the re-design for the website. All other costs are ongoing.

### *Budget impacts in future biennia:*

The staff related costs will continue into future biennia.

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